

HOUSE BILL 2642
By Winningham

AN ACT to amend Tennessee Code Annotated, Title 49, Chapter 3, Part 10, relative to bonds for school purposes.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Title 49, Chapter 3, Part 10, is amended by adding a new section thereto as follows:

Section 49-3-1009.

(a) In order to promote lower interest and issuance costs on borrowed funds, any county or municipal board of education may enter into a binding agreement with the governmental body which issues bonds or notes on its behalf and the department of education, and a special school district board of education may enter into a binding agreement with the department of education, which authorizes and directs the commissioner of education to withhold any funds allocated to that county, municipal or special school district from the state school fund established under Section 49-3-101. Such binding agreement shall direct such funds withheld to a payment on any bonds or notes issued for the benefit of the public school system and for which if such payment is not made would cause a default on the bonds or notes.

(b) A binding agreement as described in subsection (a) may also be entered into in order to provide lower costs of borrowed funds when bonds are issued to fund qualified zone academy projects as defined under Section 49-3-1202(8).

(c) The county, municipal or special board of education shall replace the funds divested to the payment of bonds or notes as described in subsection (a)

as soon as possible in order to prevent a default of the bond or note payment by providing funds legally available for such replacement.

SECTION 2. Tennessee Code Annotated, Section 49-3-1006, is amended by adding a new subsection thereto, as follows:

(f) Notwithstanding subsection (b) to the contrary, the term of any school bonds issued for the purchase of school buses and appurtenances to operate them shall not exceed eight (8) years from the date of issuance or to the maximum depreciable life of the equipment as established by the department of education, whichever is longer.

SECTION 3. This act shall take effect upon becoming a law, the public welfare requiring it.